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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

NOV 10 2003

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
CHRISTIAN MEDIA TECHNOLOGIES, INC. FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE RESOLD
INTEREXCHANGE SERVICE AND FOR
DETERMINATION THAT SERVICES OF THE
APPLICANT ARE COMPETITIVE.

DOCKET NO. T-04184A-03-0357

DECISION NO. 66516

ORDER

Open Meeting
November 4 and 5, 2003
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On June 2, 2003, Christian Media Technologies, Inc. ("Applicant" or "CMT") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold interexchange service and for determination that services of the Applicant are Competitive.

2. Applicant is a switchless reseller that purchases telecommunications services from a variety of carriers for resale to its customers.

3. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") are public service corporations subject to the jurisdiction of the Commission.

4. CMT has authority to transact business in the State of Arizona.

5. On August 21, 2003, CMT filed an Affidavit of Publication indicating compliance

1 with the Commission's notice requirements.

2 6. On September 12, 2003, the Commission's Utilities Division Staff ("Staff") filed a
3 Staff Report in this matter recommending approval of the application subject to certain conditions,
4 and making other recommendations.

5 7. CMT provided its unaudited financial statements for the period ending June 30, 2003.
6 The financial statements list assets of \$177,000, equity of \$107,200 and a net loss of \$55,440.

7 8. In its Staff Report, Staff stated that based on information obtained from the Applicant,
8 it has determined CMT's fair value rate base ("FVRB") is zero, and is not useful in a fair value
9 analysis and is not useful in setting rates. Staff further stated that in general, rates for competitive
10 services are not set according to rate of return regulation, but are heavily influenced by the market.
11 Staff recommended that the Commission not set rates for CMT based on the fair value of its rate
12 base.

13 9. Staff believes that CMT has no market power and that the reasonableness of its rates
14 will be evaluated in a market with numerous competitors. In light of the competitive market in which
15 the Applicant will be providing its services, Staff believes that the rates in Applicant's proposed
16 tariffs for its competitive services will be just and reasonable, and recommends that the Commission
17 approve them.

18 10. Staff recommended approval of CMT's application subject to the following:

19 (a) The Applicant should be ordered to comply with all Commission rules, orders,
20 and other requirements relevant to the provision of intrastate telecommunications
21 service;

22 (b) The Applicant should be ordered to maintain its accounts and records as
23 required by the Commission;

24 (c) The Applicant should be ordered to file with the Commission all financial and
25 other reports that the Commission may require, and in a form and at such times as the
26 Commission may designate;

27 (d) The Applicant should be ordered to maintain on file with the Commission all
28 current tariffs and rates, and any service standards that the Commission may require;

 (e) The Applicant should be ordered to comply with the Commission's rules and
modify its tariffs to conform to these rules if it is determined that there is a conflict

between the Applicant's tariffs and the Commission's rules;

(f) The Applicant should be ordered to cooperate with Commission investigations including, but not limited to customer complaints;

(g) The Applicant should be ordered to participate in and contribute to a universal service fund, as required by the Commission;

(h) The Applicant should be ordered to notify the Commission immediately upon changes to the Applicant's address or telephone number;

(i) If at some future date, the Applicant wants to collect from its customers an advance, deposit or prepayment, it must file information with the Commission for Staff review. Upon receipt of such filing, Staff will review the information and forward its recommendation to the Commission;

(j) The Applicant's interexchange service offerings should be classified as competitive pursuant to A.A.C. R14-2-1108;

(k) The Applicant's maximum rates should be the maximum rates proposed by the Applicant in its proposed tariffs. The minimum rates for the Applicant's competitive services should be the Applicant's total service long run incremental costs of providing those services as set forth in A.A.C. R14-2-1109; and

(l) In the event that the Applicant states only one rate in its proposed tariff for a competitive service, the rate stated should be the effective (actual) price to be charged for the service as well as the service's maximum rate.

11. Staff further recommended that CMT's Certificate should be conditioned upon the Applicant filing conforming tariffs in accordance with this Decision within 365 days from the date of an Order in this matter, or 30 days prior to providing service, whichever comes first.

12. Staff recommended that if the Applicant fails to meet the timeframes outlined in Findings of Fact. No. 11, then CMT's Certificate should become null and void without further Order of the Commission, and that no time extensions for compliance should be granted.

13. CMT's will not collect advances, prepayments or deposits from its customers.

14. The rates proposed by this filing are for competitive services.

15. Staff's recommendations as set forth herein are reasonable.

16. CMT's fair value rate base is zero.

CONCLUSIONS OF LAW

1. Applicant is a public service corporation within the meaning of Article XV of the

1 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

2 2. The Commission has jurisdiction over Applicant and the subject matter of the
3 application.

4 3. Notice of the application was given in accordance with the law.

5 4. Applicant's provision of resold interexchange telecommunications services is in the
6 public interest.

7 5. Applicant is a fit and proper entity to receive a Certificate as conditioned herein for
8 providing competitive resold interexchange telecommunications services in Arizona.

9 6. Staff's recommendations in Findings of Fact Nos. 8, 9, 10, 11 and 12 should be
10 adopted.

11 7. CMT's fair value rate base is not useful in determining just and reasonable rates for
12 the competitive services it proposes to provide to Arizona customers.

13 8. CMT's rates, as they appear in its proposed tariffs, are just and reasonable and should
14 be approved.

15 **ORDER**

16 IT IS THEREFORE ORDERED that the application of Christian Media Technologies, Inc.
17 for a Certificate of Convenience and Necessity for authority to provide competitive resold
18 interexchange telecommunications services, except local exchange services, is hereby granted,
19 conditioned upon its compliance with the conditions recommended by Staff as set forth in Findings of
20 Fact No. 11 above.

21 IT IS FURTHER ORDERED that Staff's recommendations set forth in Findings of Fact Nos.
22 8, 9, 10, 11 and 12 above are hereby adopted.

23 IT IS FURTHER ORDERED that Christian Media Technologies, Inc. shall comply with the
24 adopted Staff recommendations as set forth in Findings of Fact Nos. 10 and 11 above.

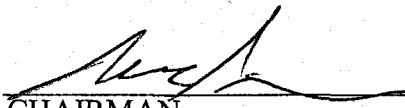

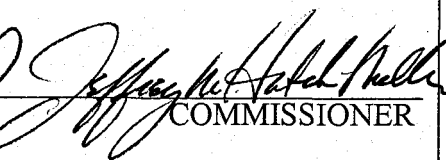
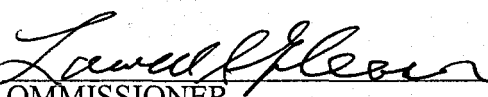
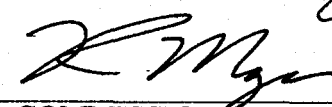
25 IT IS FURTHER ORDERED that if Christian Media Technologies, Inc. fails to meet the
26 timeframes outlined in Findings of Fact. No. 11 above, then the Certificate conditionally granted
27 herein shall become null and void without further Order of the Commission.

28 IT IS FURTHER ORDERED that Christian Media Technologies, Inc. shall not require its

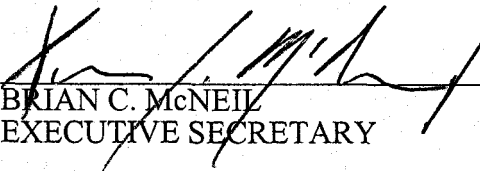
1 Arizona customers to pay advances, prepayments or deposits for any of its products or services.

2 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

3 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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5   
6 CHAIRMAN COMMISSIONER COMMISSIONER
7  
8 COMMISSIONER COMMISSIONER

9
10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this 10th day of November, 2003.

15 
16 BRIAN C. McNEIL
17 EXECUTIVE SECRETARY

18 DISSENT _____

19 DISSENT _____

20 MES:dap

1 SERVICE LIST FOR: CHRSTIAN MEDIA TECHNOLOGIES, INC.

2 DOCKET NO.: T-04184A-03-0357

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